

# Draft One Year Action Plan FFY 2026



## Massachusetts Community Development Block Grant Program

*Commonwealth of Massachusetts*

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# FFY 2026 One Year Action Plan - Preface

The U.S. Department of Housing and Urban Development (HUD) requires the Commonwealth of Massachusetts, and all other Formula Grantees, to prepare a Five-Year Consolidated Plan. The state's Consolidated Plan sets forth long term priorities for the use of funds received from HUD's Community Development Block Grant (CDBG), HOME, Emergency Shelter Grant (ESG), Housing Trust Fund (HTF) and Housing Opportunities for People with AIDS (HOPWA) programs, and from other state and federal sources.

The preparation of this One Year Action Plan has considered and been informed by the development of the FFY 2025-2029 Five-Year Consolidated Plan. EOHLC posted a proposed changes memo on October 21, 2025, and widely disseminated to interested parties and potential stakeholders thereafter. A public information session occurred on November 10, 2025. Interested parties were encouraged to submit comments, in writing or via email, in advance of the public session and also by November 24, 2025. A formal public hearing on the annual update to the One Year Action Plan will be held in the late spring of 2026.

## Massachusetts CDBG One-Year Action Plan for Federal Fiscal Year 2026

### INTRODUCTION:

This One Year Action Plan describes the proposed use of Community Development Block Grant (CDBG) funding received by the Commonwealth of Massachusetts. The CDBG Program is a significant source of federal funding administered by the Executive Office of Housing and Livable Communities (EOHLC), supporting a variety of community development efforts to revitalize our communities, meet the housing and service needs of our low and moderate-income population, build and repair infrastructure vital to the health and safety of residents, and support business development and retention. The One Year Plan addresses the basic features of the state's CDBG program, the applicable federal regulations and requirements governing state and local administration of this program, and the state's policies, administration responsibilities, and description of the program components.

In its administration of CDBG funding, EOHLC is committed to:

- Programs and funding that primarily target populations of low- and moderate-incomes, and those with special needs;
- Addressing the most urgent needs and interests of communities;
- Programs and technical assistance designed to facilitate informed decision-making about community development opportunities at the local level, and to encourage self-sufficiency of residents and communities; and
- Sound business practices that ensure the highest standards of public accountability and responsibility.

For FFY 2026 EOHLC will continue to implement HUD's Outcome Performance Measurement System. The proposed system incorporates the following three Objectives set forth in the Housing and Community Development Act of 1974: 1) create suitable living environments, 2) provide decent housing, and 3) create

economic opportunities. The system directs applicants/grantees to select an Objective coupled with one of the following three Outcomes to help define the intent of the activity: 1) availability/accessibility, 2) affordability, 3) promoting livable or viable communities. Therefore, for each proposed activity the applicant will select one of nine Outcome Statements. The proposed system will not change the nature of the program or its regulations. The Massachusetts CDBG Program currently asks applicants to describe the need the activity addresses, as well as the anticipated impact. This system creates a framework that allows consistent reporting to HUD on a national level.

The One Year Action Plan is organized into the following sections:

- A. Massachusetts CDBG Priorities
- B. Eligible Municipalities
- C. Eligible Projects/Use of CDBG Program Funds
- D. Applicant/Project Threshold Criteria
- E. Allocation of CDBG Funds to the Commonwealth
- F. Availability of CDBG Program Funds
- G. Evaluation Criteria for All Program Components
- H. Program Sanctions
- I. Citizen Participation Requirements for Applicants and Grantees
- J. CDBG Program Components (description)

## A. Massachusetts CDBG Priorities

The Community Development Block Grant (CDBG Program) was authorized by Congress and is funded under Title I of the Housing and Community Development Act of 1974, as amended. The Commonwealth of Massachusetts has designated the Executive Office of Housing and Livable Communities (EOHLC) as the state's administering agency for CDBG funding. The primary objective of the federal statute creating the CDBG Program is: *"...to develop viable, urban communities by providing decent housing and suitable living environment and expanding economic opportunities principally for low- and moderate-income persons."* EOHLC will fund eligible projects designed to meet this objective.

EOHLC encourages:

- development and preservation of affordable housing;
- proactive and coordinated planning oriented towards both resource protection and economic activity;
- community revitalization that is integral to community development;
- public social services designed to build economic security and self-sufficiency, address homelessness and workforce development; and
- local participation in community-based planning that assesses needs and identifies strategies for addressing those needs

The Act requires that at least 70 percent of CDBG assistance shall be used to support activities that directly benefit low- and moderate-income citizens of the Commonwealth. In addition, the Massachusetts CDBG Program encourages joint or regional applications so that program funds will be used to benefit a greater number of municipalities.

## B. Eligible Municipalities

There are 351 municipalities incorporated in Massachusetts. The U.S. Department of Housing and Urban

Development (HUD) has designated 38 as CDBG entitlement communities; in general, these communities exceed 50,000 in population and receive CDBG funds directly from HUD. Any city or town not designated as an entitlement community by HUD may apply for and receive Massachusetts Community Development Block Grant funds. (Refer to Exhibit 1 for a listing of Massachusetts' entitlement communities.)

## C. Eligible Projects

The following projects are eligible for funding under the Massachusetts Community Development Block Grant Program:

- planning;
- housing rehabilitation and creation of affordable housing;
- economic development projects;
- efforts directed toward rehabilitation and stabilization of existing neighborhoods, commercial areas and downtowns;
- infrastructure;
- construction and/or rehabilitation of community facilities; and
- public social services

EOHLC will accept applications through two distinct funds. The rules and program guidelines for these are set forth in Section J: *PROGRAM COMPONENTS*.

## LIMITATIONS ON THE USE OF PROGRAM FUNDS

❖ **Buildings used for the general conduct of government** - Assistance related to buildings used for the general conduct of government is specifically excluded from the program by federal statute, except for the removal of existing architectural barriers to improve access for people with disabilities. Such work is permitted on municipal buildings such as city or town halls, public works structures, public safety buildings, etc.; however, the use of CDBG funds is limited to the relevant barrier removal work. The funds must be directed to the removal of material and architectural barriers, which restrict the mobility, and accessibility of elderly and severely disabled adults. While all building codes must be met in a construction project, compliance with most codes cannot be considered as directly related to removing existing architectural barriers. In most instances, work required to meet these codes, even though it may be closely associated with or required to receive a permit for the barrier removal project, is not eligible as an ABR project under Section 105(a)(5). Applicants must include a funding commitment letter with the application to show that there is funding set-aside for the work that is ineligible for CDBG funding. All cost estimates must clearly break out the CDBG/Non-CDBG eligible expenses.

### ❖ **Public Social Services**

Public Social Services projects are not eligible as a “stand-alone” application under the Community Development Fund or Mini Entitlement Program.

Public Social Services cannot exceed 20% of a Community Development Fund, or Mini- Entitlement grant. EOHLC encourages municipalities to pursue activities that build economic security and self-sufficiency as well as Public Social Services activities that address homelessness and workforce development and seek to build social capital, increase economic mobility and enhance civic engagement. The following are Public Social Services that meet this definition:

- ABE/GED classes
- Domestic Violence Prevention
- Earned Income Tax Credit (EITC) Counseling and Preparation
- Elder Self-Sufficiency
- Family Stabilization
- Financial Literacy
- Homebuyer Counseling and First Time Home Buyer (FTHB) programs
- Individual Development Accounts (IDAs)
- Job Training
- Job-Related Childcare Assistance
- Job-Related Transportation Assistance
- Literacy Programs and Training
- Mortgage Foreclosure Prevention Counseling
- Substance Abuse Services

In describing a requested Public Social Services activity, applicants must demonstrate that the activities have been prioritized at the local level in order to determine the request for services. Such prioritizing must demonstrate an understanding of the needs assessment undertaken by the community's Community Action Agency and not be inconsistent with such Agency's assessment of service needs.

Applicants may apply for no more than five Public Social Services activities.

Municipalities must demonstrate that, in accordance with Section 105(a)(8) of the Housing and Community Development Act, proposed social service activities have not been funded by the community using municipal and/or state funds within 12 months prior to the application.

EOHLC will fund public social service projects that are not provided by other state or federal agencies or are currently provided but are not available to CDBG-eligible residents in the applicant municipalities.

Applicants proposing projects for the modernization of public housing facilities must provide evidence that the project has been reviewed and approved as it is described in the application by staff of the Bureau of Public Housing and Construction at EOHLC.

Planning funds may not be used to plan for public social service programs except as part of a broader community development planning project.

- ❖ **Downtown/commercial target area related projects** – Municipalities may apply for funds for downtown or commercial district related projects under the Community Development Fund or the Mini Entitlement Program. Such projects may include sign/facade programs and streetscape improvements, or other infrastructure improvements located in a downtown or commercial district delineated in the slums and blight documentation. Municipalities may also apply through the Community Development Fund and Mini Entitlement Program for funds for rehabilitation or adaptive re-use of mixed-use buildings located in downtown or commercial center areas. Applicants should contact CDBG staff prior to applying for these types of projects. Funds may be used for acquisition, demolition, and building rehabilitation activities when clearly linked to economic development and jobs.

EOHLC may fund projects that support physical downtown and commercial area revitalization

efforts; however, municipalities may apply to Mass CDBG for downtown/commercial target area related projects in their downtown or commercial target areas only if they have satisfactorily demonstrated to EOHLC that the proposed project is located in an area meeting National Objective compliance requirements set forth in the Application Guidance.

CDBG funds **cannot** be used to fund overhead costs or management salaries related to the operation of a downtown organization, nor can they be used for any organizational development for a downtown organization or committee.

- ❖ **15 Year Housing Affordability Term** – In an effort to increase the supply of affordable housing, all projects supporting the creation, preservation, and rehabilitation of rental and owner-occupied housing units must be affordable to low- and moderate- income households for a 15-year period. Rehabilitation assistance for owner-occupied properties must be secured by a mortgage or lien on the subject property that includes language restricting rent levels in low- and moderate- income units for a period of fifteen years. Rehabilitation assistance for investor-owned properties must be secured by a mortgage or lien, and the affordability requirements must be secured by an **Affordable Housing Restriction** [provided by EOHLC] on the subject property that runs with the land, and that includes language restricting rent levels in low- and moderate- income units for fifteen years. “Owner-occupied” is defined as a property of no more than four (4) units, one of which is occupied by the owner. All other properties are considered “investor owned.”
  
- ❖ **Lead Remediation up to \$25,000 as grant** – lead remediation work in the amount up to \$25,000 may be offered as a grant as part of a Housing Rehabilitation Program. The grant is based on the work write-up and cost estimate for remediation. Any lead work exceeding \$25,000 must be part of the standard lien that applies to other state sanitary code violation corrections. Please note, the grant cannot be applied to the cost of lead testing.
  
- ❖ **Build America Buy America requirements** – Build America, Buy America Act (BABA) Requirements under Title IX of the Infrastructure Investment and Jobs Act (“IIJA”), Pub. L. 177-58. Absent a waiver, and provided this project is receiving more than \$250,000 in total project costs from all sources, all iron and steel products, all construction materials, including metals, PVC pipe, lumber and drywall, not listed construction materials (all other plastic- and polymer-based products, glass, fiber optic cable, optical fiber, engineered wood, and drywall) and manufactured products used must be produced in the United States, as further outlined by the Office of Management and Budget’s Memorandum M-22-11, Initial Implementation Guidance on Application of Buy America Preference in Federal Financial Assistance Programs for Infrastructure, April 18, 2022. Municipalities must include BABA language in contracts for projects and factor the requirement into the cost estimate, as applicable. More information can be found in [CPD-25-01: Implementation Guidance for BABA](#) .

## D. Applicant/Project Thresholds

It is the responsibility of the applicant to ensure adherence to the applicable threshold(s). The following standard threshold criteria (1 through #7) apply to all applications:

1. **Eligibility** – The project must be eligible as defined in §105(a) of Title 1 of the Housing and Community Development Act, as amended.
2. **National Objective** – Each project must meet one of three federal national objectives as defined below and in federal regulations 24 CFR 570.483:

- a. benefit a majority of low- and moderate-income persons;
- b. aid in the prevention or elimination of slums or blight; or
- c. meet an urgent condition posing a serious threat to the health and welfare of the community and where other financial resources are not available to meet such needs. This objective is extremely difficult to meet and is generally limited to unexpected events such as natural disasters. Prior approval from Massachusetts CDBG must be obtained to use this national objective.

### 3. **Timely Expenditure –**

MA CDBG requires that all lead applicants with open CDBG grants comply with a timely expenditure threshold. To apply for FFY 2026 CDBG<sup>1</sup> funding, a municipality must demonstrate, using the most recent financial status report produced by EOHLC's grant management system, at the time of submission of application for FFY 2026 funds that:

1. 90% of all grant funds awarded to the municipality for FFY 2022/2023 and earlier FFYs have been fully expended;
2. 40% of all grant funds awarded to the municipality for FFY 2024 have been fully expended.

On a case-by-case basis, EOHLC reserves the right to waive strict compliance with the threshold standards for events beyond the control of applicants, which the applicants have the burden to demonstrate. Please note, however, that for this grant round, if a municipality is less than 75% expended in the FFY21 award, a waiver will not be granted unless good cause and a plan for expenditure of funds can be demonstrated. EOHLC is not inclined to grant a waiver unless a strong case is presented.

Municipalities must contact their program representative to find learn how to apply for a waiver. Waiver requests should be submitted no later than February 27, 2026, otherwise, it may not be considered. EOHLC may at its discretion review waiver requests submitted after, February 27, 2026, if the municipality demonstrates good cause for not submitting its request to EOHLC by such date.

All lead applicants must meet this threshold at the time of application for all MA CDBG components. Municipalities that do not meet this threshold will be eliminated from further MA CDBG funding consideration. *Active grants* include those for which project activities have yet to be completed and payments are outstanding. *Unexpended CDBG funds* are defined as funds awarded for eligible Massachusetts CDBG program costs but not expended.

A Mini-Entitlement community that cannot meet these threshold standards may have its award amount reduced based on defined grant limitations. EOHLC also reserves the right to limit the number of activities that a Mini-Entitlement can apply for beginning with the FFY27 round if this threshold is not met for the FFY26 round.

4. **Displacement of Non-CDBG Funds –** Applicants shall certify in the application that CDBG funds will not be used to displace non-CDBG funds already appropriated by or to the community for a specific project. EOHLC will reduce an award, deny a grant, or impose special conditions in a grant contract

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<sup>1</sup>CDBG includes CDF, Mini-Entitlement, and Reserves, but for the purposes of this calculation excludes Section 108 guarantees. Planning-only grants of \$50,000 or less are also excluded from this calculation. This includes regional applicants.

with that community to assure compliance with this requirement.

5. **Community-Based Planning Requirement** – The Executive Office supports municipal efforts to engage in community-based planning, conduct needs assessments and identify strategies for addressing those needs. EOHLC seeks to fund projects identified through meaningful, public community-based planning and priority setting processes. Therefore, projects must be consistent with community efforts to identify needs and engage in strategic planning for addressing those needs. This helps to ensure that local needs have been identified, and priorities determined in a comprehensive manner, and public resources are directed toward projects that address needs the community has identified as high priority. All applicants and participants should have engaged in a community-based planning process and be able to demonstrate project development as a result of this process. Applicants will be asked to address community planning through responses to scored questions in the application.

Mini-Entitlement communities must have Community Development Strategies (CDS) and be able to demonstrate proposed application project's consistency with the CDS. The Strategy (not to exceed three pages) is based on various planning documents used by a community and outlines a plan of action intended to accomplish specific community development goals that will have an impact on the community. The CDS identifies the goals and objectives of community development efforts over a 3-to-5-year period and explains how the community expects to address the priorities with CDBG and non-CDBG funds.

Each activity included in a Massachusetts CDBG Mini-Entitlement application must relate to and be reflected in the Strategy. The CDS is valid for three application rounds beginning with the strategy that was submitted with the FFY 2024 application. Note: as a newly added Mini-Entitlement, Beverly must submit their first Community Development Strategy (CDS) with their FFY26 application. All other Mini-Entitlements must submit an updated CDS for the FFY27 CDBG application round:

- a. The CD Strategy must clearly identify the goals for community development and describe the way a community will accomplish projects and activities which include but are not limited to those in the CDBG Mini-Entitlement application. All activities in the CDBG Mini-Entitlement application must be identified in the Strategy.
  - b. The Strategy must conclude with a list of projects and activities in order of the priority in which the community intends to undertake them and provide specific goals and annual timelines for accomplishing its goals.
  - c. Strategies may be amended. Any substantial change to the CDS must be presented in a public municipal forum, meeting, or hearing held at least two (2) months prior to the submission of a Mass CDBG application.
6. **Outcome Performance Measurement System** – HUD issued a Final Notice on March 7, 2006, on its Outcome Performance Measurement System. Through the system HUD will collect information on activities undertaken in the following programs: HOME, CDBG, HOPWA and ESG, and aggregate that data at the national, state, and local level. The outcome measures framework contained herein will satisfy the requirements contained in the HUD notice, along with any revisions adopted by HUD.

The system incorporates the following three objectives set forth in the Housing and Community

Development Act of 1974: 1) create suitable living environments, 2) provide decent housing, and 3) create economic opportunities. Beyond that, the system directs applicants/grantees to select from one of the following three outcomes to help define the intent of the activity: 1) availability/accessibility, 2) affordability, and 3) promoting livable or viable communities.

Based on the applicant's purpose for undertaking a project or activity, the applicant will determine and state in the application what the intent of the project is with one of the nine Outcome Statements.

The system will not change the nature of the program or its regulations. The Massachusetts CDBG Program currently asks applicants to describe the need the activity addresses, as well as the anticipated impact. This system creates a framework that allows consistent reporting to HUD on a national level.

Each outcome category can be connected to each of the overarching statutory objectives, resulting in a total of nine groups of outcomes/objective statements under which the grantees would report the activity or project data to document the results of their activities or projects. Each activity will provide one of the following statements, although sometimes an adjective such as new, improved, or corrective may be appropriate to refine the outcome statement.

- Accessibility for the purpose of creating suitable living environments
- Accessibility for the purpose of providing decent affordable housing
- Accessibility for the purpose of creating economic opportunities
- Affordability for the purpose of creating suitable living environments
- Affordability for the purpose of providing decent affordable housing
- Affordability for the purpose of creating economic opportunities
- Livable communities for the purpose of creating suitable living environments
- Livable communities for the purpose of providing decent affordable housing
- Livable communities for the purpose of creating economic opportunities

In addition, there are certain data elements commonly reported by all programs, although each of the four programs may require different specificity or may not require each element listed below. Grantees will only report the information required for each program, as currently required. No new reporting elements have been imposed for program activities that do not currently collect these data elements. The elements include:

- Amount of money leveraged (from other federal, state, local, and private sources) per activity;
- Number of persons, households, units, or beds assisted, as appropriate;
- Income levels of persons or households by 30 percent, 50 percent, 60 percent, or 80 percent of area median income, per applicable program requirements. However, if a CDBG activity benefits a target area, that activity will show the total number of persons served and the percentage of low/mod persons served. Note that this requirement is not applicable for economic development activities awarding funding on a "made available basis;"
- Race, ethnicity, and disability (for activities in programs that currently report these data elements)

Finally, grantees will report on several other indicators, required as applicable for each activity type. These will be established in each program component application, and within the grant management system.

HUD will combine the objectives, outcomes, and data reported for the indicators to produce outcome narratives that will be comprehensive and will demonstrate the benefits that result from the expenditure of these federal funds.

7. **Regional Applications** – Each community in a regional application must comply with the same requirements as individual municipalities in individual applications, to participate in a regional grant. For example, each participating municipality must have been identified and be part of the required public participation/hearing process and the community must submit all required signatures. **The exception to this is the timely expenditure requirements under D (3) above, which just applies to lead municipalities.** Municipalities that fail to comply will be dropped from consideration as a regional participant and the application will be reviewed based on those municipalities that have complied with the requirements. As a result, the number of participating municipalities and/or the dollar amount requested in a regional application may be reduced during the review process.

Additional threshold criteria #9 through #12 apply to specific program applications or types of projects.

8. **Public Benefit Standards** – Economic development projects that are eligible under Title I of the Housing and Community Development Act of 1974, Sections (14), (15) and (17) must meet CDBG standards of underwriting and public benefit. Eligible projects under 105(a)(2) may also be required to meet public benefit standards when undertaken for Economic Development purposes.
9. **Senior Center Projects** – Applicants for Senior Center projects must meet the following threshold requirements to have their applications reviewed and scored:
- (i) provide evidence of site control<sup>2</sup> by the municipality, as attested to by the Mayor or Select Board/Board of Selectmen,
  - (ii) provide documentation of the availability and commitment of any other funds necessary to complete the project, and
  - (iii) provide one copy of the bid-ready plans<sup>3</sup> prepared by a licensed architect or engineer, a table of contents for the bid specifications and a letter signed by the project architect or engineer attesting to the fact that a complete set of specifications has been prepared and is bid-ready (modular construction may require a lesser standard – see Project Threshold Criteria #12).

CDBG-assisted senior center projects may not receive subsequent CDBG assistance for additional construction or reconstruction if the work substantially disrupts the use, until five (5) years have passed since the grant closeout.

As with other types of public facilities, the use of the facility may not change for a period of five years without prior consultation with EOHLIC to ensure that the change of use is consistent with federal regulations.

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<sup>2</sup> Evidence of site control may include but is not limited to a deed, long-term lease agreement, purchase and sale agreement, or other contract or legal document.

<sup>3</sup> Bid-ready plans and specifications are those construction documents that constitute a presentation of the complete concept of the work including all major elements of the building and site design. The bid documents shall set forth in detail and prescribe the work to be done by the construction specifications; the materials, workmanship, finishes, and equipment required for the architectural, structural, mechanical, electrical and site work; and the necessary solicitation information. Drawings shall include the following: a) Site plan showing the location and type of building; b) Scale plans of the building; c) Wall sections, details, and elevations in sufficient detail to serve as a basis for a construction estimate; d) All other required architectural, civil, structural, mechanical and electrical documents necessary to complete the project.

10. **ADA Self Evaluation Survey and Transition Plan and Architectural Barrier Removal** – All municipalities applying for CDBG funds must submit a copy of its ADA Transition Plan or provide a statement that the municipality does not have one. If a municipality does not have a current ADA Transition Plan, it will be referred to the Massachusetts Office on Disability (MOD) for execution of an MOU towards development of a Plan; all lead applicants and joint applicants that applied to 2017, 2018, 2019, 2020, 2021, 2021,2022/2023, 2024 and 2025 CDBG funding rounds have met this requirement.

**A municipality applying for assistance with an architectural barrier removal (ABR) project must submit a copy of its locally approved Americans with Disabilities Act (ADA) Self Evaluation Survey and Transition plan that identifies the proposed ABR activity.** If a municipality does not have an approved Transition Plan, it may not receive funding for an ABR project. The ADA was enacted in 1990 and requires local governments to evaluate for accessibility all of its programs and services that had not previously been reviewed under Section 504 of the Rehabilitation Act of 1973. The Act also required preparation of a Transition Plan for removal of programmatic and structural barriers to its programs and services and set forth a process for involving the community in the development of the Self Evaluation Survey and Transition Plan. Programmatic removal of barriers must be fully explored before considering CDBG funding for structural barrier removal. This requirement should be addressed in the application’s project description for the ABR project. Submission of the Transition Plan is a required threshold for Architectural Barrier Removal applications.

It is the responsibility of each community to ensure that its Transition Plan is consistent with federal regulations. A community request for Mass CDBG funding must be consistent with the priorities set forth in these locally developed documents. Municipalities may wish to contact the Massachusetts Office on Disability or the U.S. Department of Justice for specific questions regarding the ADA and the Rehabilitation Act of 1973.

Applications for **Architectural Barrier Removal projects** with a total construction cost of \$200,000 or more require bid-ready plans and a letter signed by the project architect or engineer attesting to the fact that a complete set of specifications has been prepared and is bid-ready in each copy of the application. Projects less than \$200,000 but more than \$25,000, require design development drawings.

Finally, when used for Architectural Barrier Removal, CDBG funds may be used only for the relevant barrier removal work (i.e. -directly related and required for ABR). CDBG funds cannot be used to address building code or local requirements that are not directly part of the removal of the architectural barrier.

11. **Bid-ready Plans and Specifications** - Bid-ready plans and a letter signed by the project architect or engineer attesting to the fact that a complete set of specifications has been prepared and is bid-ready **are required for all public facilities (including parks/playgrounds) and architectural barrier removal projects with a construction cost of \$200,000 or more** (see definition in footnote #4). Design development drawings are required for public facilities and architectural barrier removal projects, with a total construction cost of more than \$25,000 but less than \$200,000.

In addition, EOHLC recognizes that this requirement may be problematic for municipalities considering modular construction projects. To satisfy these concerns, to apply for assistance to undertake modular construction a community may instead provide EOHLC with a reasonable cost estimate for the project. Detailed backup for the total costs for modular construction projects must include the cost of site preparation, off-site construction of the modular unit, and the cost of delivering and assembling the modular unit including all work necessary - including but not limited

to all utility work and sub-trades - to result in the issuance of an occupancy permit. To accomplish this, the community must provide the following: the program for the building; plans, specs, and prices of comparable unit(s) from a manufacturer; evidence of the manufacturer's ability to deliver the unit during the timeframe for construction identified in the grant application; and a site plan.

12. **Project Consistency with Application** - All municipalities (including both CDF and Mini-Entitlements), upon award and subject to applicable clearances, should proceed with the projects that were submitted and reviewed as part of the application submission. EOHLC reserves the right to waive this requirement if there are extenuating circumstances, such as feasibility or funding issues that were discovered post-submission. EOHLC will consider the level of citizen participation and feedback from community stakeholders in determining need before approving any new proposed project. If a new activity is added to a grant, it must comply with all application requirements.
  
13. **Housing Rehabilitation Funds – Prior Performance** - Applicants must provide a one-page rationale, including status update of recent HR programs<sup>4</sup> if applicable, to justify requested amount. The rationale should be uploaded as an attachment to the Other Attachments link. Applicants should ensure that the amount requested does not exceed the funding required for an 18-month implementation period and that the amount of funding identified connects to an existing, defined need.

If an applicant is applying for a Housing Rehabilitation activity, EOHLC reserves the right to reduce the amount requested. EOHLC will consider the past performance in the management of state grants, including but not limited to CDBG, by the applicant community and its administering agency or project sponsor, including continuing prior performance issues such program extension requests, program amendments and requests to re- program past grant funds due to inability to complete the originally awarded activities. EOHLC may also reduce an award based on the amount of HR funds remaining in previous grants. Please note, if the municipality is less than 40% expended as reflected in GMS for their housing rehabilitation activity from a FFY22/23 CDF grant at the time the application opens, the municipality may not apply for this activity either as a lead or participating community in this application round.

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<sup>4</sup> The status update should be organized by grant year (if multiple years of funding remain) and include original budget, commitments, expenditures, original goals, status of projects to date, reasons for any delays in implementation, revised timeline for completion and approach to resolve if delayed.

## E. Allocation of CDBG Funds to the Commonwealth

EOHLC proposes the following allocation of 2026 funds based on level funding with FFY2025.

The federal Fiscal Year 2025 HUD allocation to the Commonwealth of Massachusetts was \$34,424,780. In addition to the HUD allocation, EOHLC expects to receive approximately \$50,000 in program income, for a total of \$34,474,780 available for FFY2026. These funds will be distributed during the program year to eligible cities and towns in accordance with the allocation among program components outlined below.

<b>MA CDBG PROGRAM COMPONENT</b>	<b>FFY 2026 ALLOCATION</b>
<b>Community Development Fund</b>	\$24,005,415
<b>Mini-Entitlement Program</b>	\$8,750,000
<b>-Section 108 Loan Guarantee*</b>	<i>\$10,000,000</i>
<b>Reserves</b>	\$250,000
<b>Section 108 Loan Repayments**</b> (No. Adams, Everett)	\$336,622
<b>Administration and Technical Assistance</b>	\$1,132,743
<b>TOTAL AVAILABLE</b> (includes \$34,424,780 allocation plus \$50,000 in program income)	\$34,474,780
*Section 108 Loan Program allocation does not impact the FFY 2026 Allocation **Section 108 Loan Repayments are budgeted but not necessarily required. This is an "up to" amount. Amounts not required for repayment to HUD will be reallocated to other components.	

Reallocation of funds among program components: During the year, EOHLC may have cause to recapture earlier program year funds from non-performing grantees; or there may be small amounts of program funds from prior years that have yet to be used; or there may be opportunities to recapture program income generated by municipalities from earlier projects; or there may be extreme demand for one program component; or there may be minimal demand for one component. Funds will be reallocated depending on the timing of other components and the apparent demand for funds or to address emergency situations during the program year. When awarding those funds EOHLC will use current program guidelines as established in the most recent One Year Plan. EOHLC reserves the right to increase or decrease the allocation of a program component. When these cumulative changes meet the threshold criteria of an amendment, EOHLC will follow the process in accordance with the State's Consolidated

Plan and regulations at 24 CFR 91.505. EOHLC may also have cause to fund from any allocation or resources to respond to corrective actions after program closeouts or because of other administrative errors.

EOHLC estimates that it will receive approximately \$300,000 in funds returned from prior years activities. These funds will be allocated through the Community Development Fund. In addition, EOHLC estimates that up to

\$500,000 in locally held program income will be applied to activities including housing rehabilitation and infrastructure improvements.

Prior to the award of FFY 2026 funds, EOHLC may have the opportunity to transfer program income funds from NSP grantees to the State CDBG Program. It is EOHLC’s intent to add these funds, if they become available, to the FFY 2026 allocation and make them available to FFY 2026 applicants. At this time, EOHLC does not have an estimate of the amount of funds that may become available.

## F. Availability of CDBG Program Funds

All CDBG program funds will be available to eligible grant recipients based on application guidance for Massachusetts Community Development Block Grant funds and/or Notices of Funding Availability. These documents will make municipalities aware of the requirements of each component and will be available to allow municipalities adequate time to prepare grant applications for each program.

The policy that a single community may receive no more than \$1.35 million from the Community Development Fund within two successive years is waived for FFY 2026. Applicants to the FFY 2026 program will not have the two-year limitation applied based on FFY 2025 awards. EOHLC will review the policy going forward in subsequent One Year Plans.

Listed below are application distribution dates for each program and the corresponding due dates. A Notice of Availability of Funds will be issued, as appropriate, prior to the release of each Application subject to the availability of federal funds. The projected timeline may be shifted later depending on when the application component of the GMS upgrade is ready to go-live. Updates will be provided on the CDBG webpage on Mass.Gov [Community Development Block Grant \(CDBG\) | Mass.gov](#).

<b>Program Components<sup>5</sup></b>	<b>Application Issued</b>	<b>Application Deadline</b>
Community Development	Tuesday February 17, 2026	Tuesday April 21, 2026
Mini Entitlement Program	Tuesday February 17, 2026	Tuesday April 21, 2026

## G. Evaluation Criteria Applicable to All CDBG Programs

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<sup>5</sup> The FFY 2026 applications will be operative upon their release. Actual release of funds is contingent on HUD approval of the state’s One Year Plan and will be dictated by the date the state receives HUD approval on its Plan.

EOHLC reserves the right to incorporate any or all of the following Evaluation, Regulatory and Performance criteria in its award decisions:

Evaluation:

- solicit and verify information from any local, state or federal agencies and other entities, and based on that information, reduce, increase or deny an award to a community.
- conduct site visits for any proposed CDBG project or solicit additional information from applicants to confirm or clarify factual or procedural responses to application requirements such as copies of legal advertisements, minutes, survey instruments, letters, etc. Acceptance of these materials is subject to EOHLC's satisfaction that the omitted material was in existence at the time of application and submission of the requested documents within a specified timeframe. Additional information regarding responses to competitive questions will not be accepted.
- reduce or increase an award to a community to assure that a grant budget is reasonable.
- fund, fully or partially, a project from other state resources.
- reduce or deny a grant, or place special conditions on a grant, based on the management capacity of the municipality or the current or proposed administering agency.
- reduce an award to a community with an uncommitted program income balance. The program income account balance in EOHLC's Grant Management System must be maintained to match the bank program income account statement balances. Grantees must update the program income account on a regular basis and at a minimum quarterly. Upon award, grantees must add the committed program income funds to the cited grant activity(ies) through the grant amendment process.
- resolve tie scores in a competitive fund by applying the criteria below in the following order:
  1. Applications from municipalities that have not received funding in the prior three funding cycles;
  2. Applications for projects that increase the community's supply of affordable housing units;
  3. Regional applications;
  4. Applications for housing and/or economic development projects that are consistent with the goals of the Administration; and
  5. If scores remain tied after the application of steps #1 through 4, EOHLC will conduct a lottery at which a representative from HUD will be present.

Regulatory:

- ensure that at least 70 percent of CDBG assistance, as per federal statute, is used to support projects that directly benefit low- and moderate-income persons of the Commonwealth.

- ensure that no more than 15 percent of the FFY 2026 Massachusetts CDBG allocation is for public social service activities as per federal regulation.
- deny a grant, or a portion thereof, to ensure that no more than 20 percent of the FFY 2026 Massachusetts CDBG allocation is for planning and administration as per federal regulation.
- not review an application unless signed by the municipality's Chief Elected Official.

#### Performance:

- reduce an award, deny a grant, or impose special conditions on a community with prior year grants with a low rate of committed or expended dollars. This includes reductions in awards for projects funded in previous rounds for which unexpended funds remain.
- reduce an award, deny a grant, or impose special conditions on a community with outstanding, major findings that are unresolved at the time application decisions are being made; or which have otherwise had a history of significant, repeat findings. These findings could have resulted from any grant program offered by EOHL.

*Major findings* mean non-compliance with a statutory requirement which, if not satisfactorily resolved by the community, would require that the federal funds be repaid by the municipality, or result in other serious sanctions.

*History of significant, repeat findings* means non-compliance with statutory or regulatory requirements in more than one grant cycle, where the community may have resolved those findings but with an unacceptably slow response.

- consider the past performance in the management of state grants, including but not limited to CDBG, by the applicant community and its administering agency or project sponsor, including continuing prior performance issues such as program extension requests, program amendments and requests to re-program past grant funds due to inability to complete the originally awarded activities.

#### Awarding of Grants

Based on the scores produced through the review process, grant award recommendations are made to the Secretary of EOHL, whose decision is final. In the competitive program, grants are awarded for projects to municipalities that receive the highest activity scores, and which meet applicable thresholds until all available funds are distributed. EOHL reserves the right to award a grant in whole or in part, or to reject any and all proposals received.

#### Grievance Procedure

Within forty-five (45) days of the date of the Secretary's written notice of grant determinations to applicant cities and towns, any municipality aggrieved by EOHL's decision may challenge the denial of its grant by submitting a letter of appeal from the Chief Elected Official of the municipality to the

Secretary, who shall respond no later than forty-five (45) days from the date of receipt of the municipality's appeal.

## H. Program Sanctions

EOHLC reserves the right to suspend payments under this contract or to terminate grant awards upon a finding by EOHLC, at its sole discretion 1) of any noncompliance, fraud, abuse, poor performance, misrepresentation, or extreme mismanagement, by the municipality or its subcontractors; or 2) that the municipality, or any of its subcontractors including any entities hired to perform grant management activities on its behalf, is unable to carry out its obligations under the award contract or its application. Prohibited or unauthorized expenses may be subject to requests to refund such expenses to HUD. Further, in the event that EOHLC finds that a project's budget is inadequate to fully implement any project as approved, EOHLC reserves the right to review and to either require a change in project scope to make such project fundable or to otherwise recapture the project's funds. In addition, if excess funds remain unspent from an activity prior to the end of period of performance, either due to budgetary reasons or because of less demand for the activity than projected, the Municipality must return the funds upon EOHLC's demand, unless EOHLC otherwise approves reprogramming of the awarded funds. In the event that a new activity is added to a grant, it must comply with all application requirements.

EOHLC's preference is to approve reprogramming for the following purposes and in the following order:

- Funds will be used for eligible housing activities, including, but not limited to, housing rehabilitation, aging in place programs, code enforcement and first-time homebuyer assistance
- Other existing CDBG-funded, eligible activities

If the excess funds cannot be used consistent with these preferences, EOHLC will require a detailed request describing the reprogramming and may require that the funds be returned. Requests to reprogram funds should be submitted in a timely manner and meet all application requirements. EOHLC will not be inclined to extend grants beyond a three- year period.

The community staff and Chief Elected Officials will have the opportunity to discuss possible sanctions prior to any formal action. If formal sanctions are recommended, grantees will be provided with a full opportunity to appeal such decisions to the Secretary of EOHLC before any final action is taken.

All program funds recaptured through the sanctions process will be re-programmed consistent with the procedures in (E) *Allocation of CDBG Funds* and (J) *CDBG Program Components*. Based on the significance of the issues involved in any such determination, EOHLC may suspend, for a period of up to three (3) years or until final

resolution is achieved, a community's eligibility to participate in any Massachusetts CDBG component. Such action will only be taken in extreme circumstances and only after all alternatives have been exhausted.

# I. Citizen Participation Requirements for Applicants and Grantees

All applicants for funding under the FFY 2026 Massachusetts CDBG Program must comply with the citizen participation requirements contained in Section 508 of the Housing and Community Development Act of 1987. EOHLC expects citizen involvement in the identification of community development needs, the development of applications, program assessment and evaluation. Municipalities must include in their Massachusetts CDBG application a local citizen participation plan detailing how the community will provide:

1. citizen participation, with particular emphasis on participation by persons of low- and moderate-income, residents of slums and blighted areas and of areas in the state where CDBG funds are proposed to be used, particularly residents of a proposed target area.
2. reasonable and timely access to local meetings, information, and records relating to the grantee's proposed use of funds and relating to the actual use of funds.
3. information on the amount of state CDBG funds available during the year; the range of eligible CDBG activities; and how activities will benefit low- and moderate-income persons.
4. technical assistance to groups representative of persons of low- and moderate-income that request such assistance in developing proposals.
5. **a minimum of 2 public hearings**, each at a different stage of the program (development and implementation), to obtain citizen views and to respond to proposals and questions at all stages of the community development program, including at *a minimum* (a) the development of needs, (b) the review of proposed activities, and (c) review of program performance. These hearings shall be held after adequate notice (minimum of 15 days, per HUD), at times and accessible locations convenient to potential or actual beneficiaries, and with accommodations for persons with disabilities, and allow for written comments to be submitted. In cases of joint applications, all applicant municipalities must be included in the notice and participate in the public hearing. At least one public hearing must be held at least 14 days prior to the submission of an application; a second must be held during the course of the grant year; both **must provide the process for the submission of written comments**;
6. a timely written answer to written complaints and grievances, within 15 business days of receipt where practical; and
7. the plan must also identify how all residents and beneficiaries, including minorities and non-English speaking persons, as well as persons with disabilities can be reasonably expected to participate in the program in general, and at public hearings in particular.

## J. CDBG Program Components

This section briefly describes the components of the Massachusetts CDBG Program. Each program component description includes eligible uses, grant award amounts, and evaluation and award criteria. In the event of conflicting language, this One Year Action Plan takes precedence over language in all program component applications. The program components are:

1. Community Development Fund
2. Mini-Entitlement Program
3. Section 108 Loan Guarantees
4. Reserves
5. Administration and Technical Assistance by EOHLC

➤ **All applications to MA CDBG are submitted online and** will only be accepted using EOHLC’s web-based system. Further details and training information will be available as application materials and details are released.

### 1. *COMMUNITY DEVELOPMENT FUND*

#### Program Description

The Community Development Fund (CDF) awards grants to municipalities throughout the Commonwealth. This program helps eligible cities and towns to meet a broad range of community development needs in housing, infrastructure, downtown revitalization, economic development and public social services. It supports CDBG- eligible activities and encourages applicants to develop coordinated, integrated and creative solutions to local problems. The CDF is available to all municipalities and will make all CDBG eligible activities available.

For FFY26, EOHLC expects to award approximately \$24,005,415 in CDF grant funds and approximately an additional \$300,000 in funds returned from prior year activities.

#### Grant Award Amounts

EOHLC proposes the following grant limits below for the FFY 2026 program.

Applicants for a CDBG grant will be eligible to receive up to the following amounts based on the type of application submitted:

<b>Category</b>	<b>Minimum Grant from Competitive Round:</b>	<b>Maximum Grant from Competitive Round:</b>
Single Municipality	<b>\$ 100,000</b>	<b>\$950,000</b>
Two Municipalities (Regional)	<b>\$ 100,000</b>	<b>\$1,150,000</b>
Three or More Municipalities (Regional)	<b>\$ 100,000</b>	<b>\$1,350,000</b>
Planning- or Design-only grants	<b>\$ 10,000</b>	-----

## Requirements:

1. CDF grants are **Single Year Grants that have historically been** based on an 18-month implementation period. There will be an 18-month implementation period for the FFY 2026 grants. For FFY 2026 grants, it is anticipated that the period will be from 7/01/2026 to 12/31/2027. Municipalities **must** perform due diligence regarding all critical consultations and feasibility determinations prior to an application submission.
2. Two or more municipalities may apply **regionally**. *"Regional" is not limited to geographically contiguous cities and towns.* In order to comply with federal requirements governing such applications, each participating community would:
  - enter into an inter-local agreement that will allow a lead community to conduct grant activities within other municipalities.
  - sign the joint authorization form; and
  - demonstrate in the application how the requested funds will be allocated among all participants.
3. A community may apply in either one individual CDF application or in one regional application (including as a lead applicant), or in one of each for a maximum amount of assistance of \$1.3m per community. In addition, a municipality may not receive funds for the same activity in two different applications for the FFY 2026 round.
4. All CDBG applications must be received by EOHLIC's web-based application system by **Tuesday, April 21, 2026**, at 3:00 PM. A signed copy of the Application Cover Page must be attached in the Other Attachments link of the application. EOHLIC **does not** require a hard copy of the cover page to be submitted by mail.

## Evaluation and Award Criteria

Application review and awards will be governed by the criteria and procedures as described above (Sections A through I), and the following criteria, process rules and special requirements. Additional details on evaluation criteria and the review process will be in the FFY 2026 Application Guidance.

Each criterion is described below. Please be advised that applicants must meet a minimum threshold for **Project Feasibility -- i.e., each project must appear to be feasible to undertake and complete in the 18-month grant period, or the other criteria will not be scored.** Projects must demonstrate financial feasibility, including adequate sources available for all costs based on reasonable cost estimates and financial need. Sources and uses of funds are limited to actual documented cash/expenditures specific to the proposed project. Proposals must also demonstrate site control, major permit approval, and other information that demonstrates the project is feasible and ready to go forward upon grant award.

**Project Need** - requires applicants to document and describe the particular needs that will be addressed by each proposed project and the severity of those needs. Applicants will also be asked to describe community input into the determination of the needs and projects identified to satisfy the need. Project Need will be evaluated based on the documented severity of need and the impact the project will have

on those needs, as well as the community's efforts to include beneficiaries and other residents in the application and project development process. EOHLC will be deducting points if the involvement of stakeholders (especially those who are low-and-moderate income) in the development of projects prior to application submission is insufficient.

**Project Feasibility** - requires applicants to document and describe an understanding of the permitting and project management tasks necessary for the project, the procurement processes required of the project, the status of design and site control, the availability of all necessary funds and the readiness of the project to proceed, including completeness of environmental review requirements, and completeness and reasonableness of timeline. Project Feasibility will be evaluated on the applicant's ability to demonstrate the overall readiness of the project, management capacity and the ability of the applicant to complete the project within the 18-month grant implementation period. For this round, EOHLC will not deduct points for projects that do not have bid-ready plans and specifications. However, please note, there are certain projects that have bid ready plans and specifications as a threshold requirement, such as public facilities and architectural barrier removal projects with construction costs of \$200,000 or more.

**Bonus Point - For this application round there will be one bonus point awarded for applicants that did not have to submit a timely expenditure waiver by February 27, 2026.**

## 2. *MINI-ENTITLEMENT PROGRAM*

### Program Description

Municipalities were selected to be Mini-Entitlement communities if they met the three following criteria: (1) The percentage of low- and moderate-income residents is 40% or greater; (2) a poverty rate higher than the state average and (3) population over 12,000. This program helps larger non-entitlement urban communities with the highest needs improve conditions for their low- and moderate-income residents through comprehensive planning and predictable funding. Through this program, identified cities and towns can meet a broad range of community development needs in housing, business development, physical development, downtown revitalization, and public social services. It supports all CDBG-eligible activities and encourages applicants to develop comprehensive, creative solutions to local problems.

Mini-Entitlement communities were guaranteed an annual commitment of funds for a three-funding cycle period that ended with FFY 2025. The Mini Entitlement program and the formula to determine communities selected for the program were re-evaluated for the FFY 2026 program. As a result of this process, Beverly now qualifies to be added to the Mini-Entitlement list. This list will be in place for the FFY 2026, 2027 and 2028 CDBG application rounds. We will recalculate for the FFY 2029 program year.

EOHLC expects to award up to \$ \$8,750,000 from the FFY 2026 Mini-Entitlement Program allocation to 10 (ten) designated Mini-Entitlement municipalities, listed below:

Amherst  
Beverly  
Chelsea

Gardner  
Greenfield  
North Adams  
Southbridge  
Wareham  
Webster  
West Springfield

EOHLC requires Mini-Entitlement communities to approach CDBG projects in a comprehensive and integrated manner and is directing these communities to target their CDBG funds to particular geographic areas in order to impact and effect change within neighborhoods. Please note, one exception beginning with the FFY26 is that Housing Rehabilitation programs may be completed throughout the municipality and no longer require a target area.

EOHLC will offer technical assistance to Mini-Entitlement communities, including planning, priority setting, and project evaluation and development.

#### Grant Award Amounts and Requirements

Mini-Entitlement communities are eligible for a minimum award of \$875,000 based upon prior performance including effective implementation of activities, timely expenditure of funds and performance as indicated in monitoring reports, along with, the community's ability to identify eligible, feasible activities that can be completed in a timely manner. Mini-Entitlement applications will contain an 18-month implementation plan. Mini-Entitlement grantees must comply with standards for timely expenditure and available program income (see Applicant/Project Thresholds above and #3 directly below). FFY 2026 Mini-Entitlement awards to Grantees that do not meet the required standards will be reduced by the amount necessary to bring the grantee into compliance.

#### Evaluation and Award Criteria

The following requirements apply to the Mini-Entitlement Program:

1. Mini-Entitlement grants are Single Year Grants that have historically been based on an 18-month implementation period. There will be an 18-month implementation period for the FFY 2026 grants. For FFY 2026 grants it is anticipated that the period will be from 7/1/2026 to 12/31/2027. Communities must perform due diligence regarding all critical consultations and feasibility determinations prior to an application submission.
2. Mini-Entitlement communities are eligible for a minimum award of \$875,000 based upon prior performance including effective implementation of activities, timely expenditure of funds and performance as indicated in monitoring reports, along with, the community's ability to identify eligible, feasible activities that can be completed in a timely manner. FFY 2026 Mini-Entitlement awards to Grantees that do not meet the required standards will be reduced by an amount necessary to bring the grantee into compliance.
3. In accordance with the Massachusetts CDBG Priorities listed in Section A, EOHLC seeks to fund

projects identified through meaningful community-based planning and priority setting processes as described in SECTION D. 6. Mini-Entitlement communities will be required to submit a Community Development Strategy with the application (refer to section D.6 for more detail)

4. Activity packets must be completed and will be scored to ensure that activities are feasible and ready to proceed at the time of the award. Activities will be scored in accordance with the project feasibility question of the application as detailed above in the CDF section. Activity packets must receive a minimum 50% score for the feasibility question. All FFY 2026 Mini-Entitlement applications must describe how CDBG funds will be allocated; include goals and performance measures for each activity; demonstrate compliance with a federal national objective and all federal/state requirements; and provide a management plan. The project packets will be reviewed for compliance with these evaluation criteria.
5. Mini Entitlement applicants that can't comply with the timely expenditure threshold as described above will have a 2026 award reduced by the amount over the threshold.
6. All activities that are eligible under Section 105(a) of Title I of the Housing and Community Development Act of 1974, as amended, will be considered for funding except for organizational activities of downtown partnerships.
7. Mini-Entitlement communities may not join with other communities as joint applicants.
8. For FFY 2026, Mini-Entitlement Communities will submit a list of proposed activities to EOHLIC within one week after the application has been made available. Applicants will provide the name of the activity, demonstration of eligibility including national objective, a brief description, proposed accomplishments and proposed budget. There will be a meeting with EOHLIC to discuss this proposed list.
9. Mini-Entitlement communities may not request funding for more than three activities in addition to public social services.
10. Mini-Entitlement communities must proceed with the projects submitted in the application, subject to feasibility and grant clearance considerations. The community cannot propose a new activity to replace an already approved activity except in limited circumstances.
11. All Mini-Entitlement applications must be received by EOHLIC's web-based application system by no later than **Tuesday, April 21 at 3:00 PM**. A signed copy of the Application Cover Page must be attached in the Other Attachments link of the application. EOHLIC **no longer requires** a hard copy of the cover page to be submitted by mail.

### 3. *SECTION 108 LOAN GUARANTEES*

Section 108 Loan Guarantees allow eligible communities to access federal loan funds for the purpose of aiding revenue-producing development activities. The Massachusetts program provides communities with a source of loan financing for a specific range of community and economic development activities. Funding is provided to the community to loan to a business or other entity. The Commonwealth

guarantees repayment of the HUD loan and pledges its future CDBG allocation as collateral. Actual funding will be provided through the sale of notes by the federal Department of Housing and Urban Development.

Loan Guarantees will be available to support the rehabilitation of, or conversion to, mixed-use or investor owner- residential buildings (5 or more units) located in downtown or commercial center areas. Residential projects should include mixed-income, affordable and market rate units. Housing unit rehabilitation will be limited to a maximum per unit CDBG cost of \$125,000. The entire building façade must be appropriately addressed, regardless of the portions of the building assisted. Section 108 loan assistance of \$1 million to \$5 million will be available for residential or mixed-use projects meeting these qualifications. For most housing project components, Section 108 loan funds plus all federal and state grants combined shall not exceed 75 percent of total actual project costs. Section 108 loans may also assist public facilities/infrastructure improvements that generate sufficient revenues and support downtown mixed-use or investor-owned, mixed-income residential projects.

Assistance to non-profit organizations for public services, capitalization of loan funds or business technical assistance, or direct assistance to individual businesses or other entities will also not be considered in Section 108.

This year the Commonwealth will pledge up to \$10 million in future CDBG allocations in support of these eligible activities.

#### Grant Award Amounts and Requirements

- The minimum award is \$1,000,000 and the maximum is \$5 million. The loan amount will not be included in the \$1 million annual limit that grantees may receive from the Commonwealth's annual CDBG allocation.
- In general, awards from the Section 108 Loan cannot exceed 40% of the total project costs. However, EOHLC will consider guaranteeing public infrastructure projects to a percentage greater than 40% on a case-by-case basis;
- Privately owned, non-residential real estate activities where the scope exceeds exterior façade improvements must be undertaken as economic development activities and must meet CDBG underwriting criteria. These criteria limit assistance to gap financing, which may be less than the 40% program limit;

- All Section 108 applications must include evidence that the proposed project needs grant assistance to be feasible; EOHLC is willing to consider phased projects, with the caveat that the time frame for full implementation is a maximum of five years or less;
- EOHLC or HUD may disapprove applications, or approve a reduced guarantee or approve the request with conditions, such as but not limited to additional collateral and guarantees depending on the structure of the proposal; and
- Depending on the nature of the project, the community may be required to pledge its full faith and credit.

#### Evaluation and Award Criteria for Section 108 Applications

*Applicants must contact EOHLC prior to submission of an application.* A two-stage process for evaluating potential applications is in effect, consisting of a preliminary screening and a formal application. EOHLC staff will provide information on the evaluation and review process at the appropriate time. Applications will be reviewed on a first- come, first-served basis, provided that threshold criteria are met and funds are available.

Successful applicants will receive a loan from HUD, but the Commonwealth guarantees the repayment of the loan. The Commonwealth pledges its future CDBG grant funds to repay the federal government should be a non- entitlement recipient of a Section 108 Loan default. EOHLC will not pledge other collateral of the Commonwealth in support of proposals. Any additional security required by HUD must come from another source.

EOHLC will provide guidance to applicants on how to submit preliminary and formal applications. However, the format of any final loan application will be determined by HUD.

#### Active Section 108 Loan Activities

Everett – \$1 million Section 108 loan for roadwork (right-of-way & construction) for the Norman St./Internet Dr. intersection and entryway into the Rivers Edge (previously Telecom City) project area. The debt service for years 1-8 (FFY 2007 – 2014) is funded with a \$1.2 million Brownfield’s Economic Development Initiative (BEDI) grant.

North Adams - Massachusetts Museum of Contemporary Art (MASS MoCA): Approximate \$4.3 million loan to partially fund real estate development by the non-profit museum foundation. The \$13 million project involved rehabilitation of two buildings. This project was Phase II of the City and MASS MoCA’s revitalization plan for one of North Adams’ most distressed neighborhoods.

#### Loan Default

In the event of loan default, EOHLC must be prepared to repay the Section 108 loans to HUD out of the Commonwealth’s annual CDBG allocation. In addition to a pledge of future CDBG funds, collateral is

provided from other sources. The possibility exists, however, that the loan defaults and will need to be repaid from the annual allocation. In FFY 2026 the potential liability, or repayment total, could be up to \$336,662 in the event of loan default.

If the loans do not default, or if there is default but the collateral is sufficient to cover the loan repayment (or a portion thereof), then EOHLC will reallocate the budgeted default amount among other program components.

Please note that EOHLC and HUD scrutinize Section 108 projects very carefully since any loan defaults are guaranteed by future CDBG funds and therefore could significantly affect availability of funds in future years.

#### 4. *RESERVES*

An initial combined allocation of \$250,000 will be available for the Reserves component. Consistent with *Section E. ALLOCATION OF CDBG FUNDS TO THE COMMONWEALTH*, funds may be recaptured by or returned to EOHLC at any time during the program year or reallocated to and from program components including the Reserves component. This may result in an increase or decrease to the initial allocation.

On occasion applications, or portions thereof, that were not funded during a competitive process, including direct technical assistance to eligible communities, may be considered by the Secretary of EOHLC to be particularly worthy, innovative, or address an overarching local, regional, or statewide need. Such projects may be funded through the Reserves.

Funds may also be made available for projects throughout the program year that are consistent with Massachusetts' CDBG priorities, as outlined in *Section A.*, particularly those that address the Administration's goals of developing and/or preserving affordable workforce housing opportunities, infrastructure improvements in support of the development of new housing and projects that seek to return vacant and blighted properties to a viable use.

The application materials for Reserves will provide guidance to potential grantees on how to structure their applications. EOHLC's interest in providing Reserve's funding for projects will be determined by a review of the proposed project to determine consistency with the goals and priorities cited above and that the activity is eligible, feasible and ready to proceed. Once complete, applications will be funded in the order in which they are received.

All Projects funded under Reserves must meet, at a minimum, CDBG national objective and eligibility requirements, applicable rules and regulations, and project feasibility thresholds. Please contact Chris Kluchman, Director of the Livable Communities Division, at [chris.kluchman@mass.gov](mailto:chris.kluchman@mass.gov) with any inquiries about Reserves.

## 5. ADMINISTRATION AND TECHNICAL ASSISTANCE BY EOHLC

The Commonwealth of Massachusetts uses CDBG funds for administrative and technical assistance costs incurred by EOHLC during the operation of the Massachusetts CDBG Program. As allowed by the federal statute, this amount will equal three percent (3%) of the entire annual grant allocation, plus \$100,000.

Direct technical assistance will be provided to eligible municipalities for guidance relating to housing, economic development, including downtown revitalization, community development strategy and plan preparation and use, technical assistance training for non-entitlement communities, and additional assistance determined necessary during the program year.

During this fiscal year EOHLC will continue to support and upgrade its software and reporting systems.

In addition, two percent (2%) of program income generated by state CDBG grantees shall be returned to the MA CDBG Program on a bi-annual basis.

A review of all users accessing EOHLC program grant management systems shall be conducted annually to determine the accuracy of user access designations. If necessary, action shall be taken to change, revoke, or grant user access to reflect the appropriate designation.

*ONE-YEAR ACTION PLAN FOR FEDERAL FISCAL YEAR 2026 EXHIBITS*

1. LIST OF ENTITLEMENT COMMUNITIES IN MASSACHUSETTS
2. MUNICIPAL ELIGIBILITY TO APPLY TO COMMUNITY DEVELOPMENT FUND (CDF) IN FFY 2026

**EXHIBIT 1**

**LIST OF ENTITLEMENT COMMUNITIES IN MASSACHUSETTS**

*as of Federal Fiscal Year 2026*

ARLINGTON	MALDEN
ATTLEBORO	MEDFORD
BARNSTABLE	NEW BEDFORD
BOSTON	NEWTON
BROCKTON	NORTHAMPTON
BROOKLINE	PEABODY
CAMBRIDGE	PITTSFIELD
CHICOPEE	PLYMOUTH
EVERETT	
FALL RIVER	QUINCY
FITCHBURG	REVERE
FRAMINGHAM	SALEM
GLOUCESTER	SOMERVILLE
HAVERHILL	SPRINGFIELD
HOLYOKE	TAUNTON
LAWRENCE	WALTHAM
LEOMINSTER	WESTFIELD
LOWELL	WEYMOUTH
LYNN	WORCESTER
	YARMOUTH

*EXHIBIT 2*

**MUNICIPAL ELIGIBILITY TO APPLY FOR CDBG PROGRAM FUNDS IN FFY 2026**

Historically, a single Community Development Fund community may receive no more than \$1.35 million from two successive years. This limit was waived for the FFY 2025 program and EOHLC is waiving it again for the FFY 2026 program. As a result, applicants to the FFY 2026 program will not be limited by FFY 2025 awards.